

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1004 be amended to read as follows:

- 1 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
- 2 "SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.136-2009,
- 3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 4.5. (a) The department
- 5 of local government finance shall adopt rules establishing a system for:
- 6 (1) annually adjusting the assessed value of real property **for**
- 7 **assessment dates that precede 2012; and**
- 8 **(2) adjusting the assessed value of real property for:**
- 9 **(A) the assessment date in 2014; and**
- 10 **(B) the assessment date in every second year after 2014;**
- 11 to account for changes in value in those years since a general
- 12 reassessment of property last took effect.
- 13 (b) Subject to subsection (e), the system must be applied to adjust
- 14 assessed values ~~beginning with the 2006 assessment date and each year~~
- 15 ~~thereafter that is not in the years designated in subsection (a) other~~
- 16 **than** a year in which a reassessment becomes effective.
- 17 (c) The rules adopted under subsection (a) must include the
- 18 following characteristics in the system:
- 19 (1) Promote uniform and equal assessment of real property within
- 20 and across classifications.
- 21 (2) Require that assessing officials:
- 22 (A) reevaluate the factors that affect value;
- 23 (B) express the interactions of those factors mathematically;
- 24 (C) use mass appraisal techniques to estimate updated property

- 1 values within statistical measures of accuracy; and  
 2 (D) provide notice to taxpayers of an assessment increase that  
 3 results from the application of ~~annual~~ adjustments.  
 4 (3) Prescribe procedures that permit the application of the  
 5 adjustment percentages in an efficient manner by assessing  
 6 officials.  
 7 (d) The department of local government finance must review and  
 8 certify each ~~annual~~ adjustment determined under this section.  
 9 (e) In making the ~~annual~~ determination of the base rate to satisfy the  
 10 requirement for an ~~annual~~ adjustment under subsection (a) **for**  
 11 **property taxes first due and payable after 2010**, the department of  
 12 local government finance shall determine the base rate using the  
 13 methodology reflected in Table 2-18 of Book 1, Chapter 2 of the  
 14 department of local government finance's Real Property Assessment  
 15 Guidelines (as in effect on January 1, 2005), except that the department  
 16 shall adjust the methodology to:  
 17 (1) use a six (6) year rolling average **adjusted under subdivision**  
 18 **(2) instead of a four (4) year rolling average; and**  
 19 **(2) eliminate in the calculation of the rolling average:**  
 20 **(A) the year among the six (6) years for which the highest**  
 21 **market value in use of agricultural land is determined; and**  
 22 **(B) the year among the six (6) years for which the lowest**  
 23 **market value in use of agricultural land is determined.**  
 24 (f) For assessment dates after December 31, 2009, an adjustment in  
 25 the assessed value of real property under this section shall be based on  
 26 the estimated true tax value of the property on the assessment date that  
 27 is the basis for taxes payable on that real property.  
 28 SECTION 2. IC 6-1.1-4-4.6, AS ADDED BY P.L.182-2009(ss),  
 29 SECTION 86, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2010]: Sec. 4.6. (a) If a county assessor fails before July 2 of  
 31 a particular year **for which an adjustment to the assessed value of**  
 32 **real property applies under section 4.5 of this chapter** to prepare  
 33 and deliver to the county auditor a complete detailed list of all of the  
 34 real property listed for taxation in the county as required by  
 35 IC 6-1.1-5-14 and at least one hundred eighty (180) days have elapsed  
 36 after the July 1 deadline specified in IC 6-1.1-5-14 for delivering the  
 37 list, the department of local government finance may develop ~~annual~~  
 38 adjustment factors under this section for that year. In developing ~~annual~~  
 39 adjustment factors under this section, the department of local  
 40 government finance shall use data in its possession that is obtained  
 41 from:  
 42 (1) the county assessor; or  
 43 (2) any of the sources listed in the rule, including county or state  
 44 sales data, government studies, ratio studies, cost and depreciation  
 45 tables, and other market analyses.  
 46 (b) Using the data described in subsection (a), the department of

1 local government finance shall propose to establish ~~annual~~ adjustment  
 2 factors for the affected tax districts for one (1) or more of the classes  
 3 of real property. The proposal may provide for the equalization of  
 4 ~~annual~~ adjustment factors in the affected township or county and in  
 5 adjacent areas. The department of local government finance shall issue  
 6 notice and provide opportunity for hearing in accordance with  
 7 IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing final  
 8 ~~annual~~ adjustment factors.

9 (c) The ~~annual~~ adjustment factors finally determined by the  
 10 department of local government finance after the hearing required  
 11 under subsection (b) apply to the ~~annual~~ adjustment of real property  
 12 under section 4.5 of this chapter for:

13 (1) the assessment date; and

14 (2) the real property;

15 specified in the final determination of the department of local  
 16 government finance.

17 SECTION 3. IC 6-1.1-4-16, AS AMENDED BY P.L.146-2008,  
 18 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2010]: Sec. 16. (a) For purposes of making a general  
 20 reassessment of real property or ~~annual~~ adjustments under section 4.5  
 21 of this chapter, a township assessor (if any) and a county assessor may  
 22 employ:

23 (1) deputies;

24 (2) employees; and

25 (3) technical advisors who are:

26 (A) qualified to determine real property values;

27 (B) professional appraisers certified under 50 IAC 15; and

28 (C) employed either on a full-time or a part-time basis, subject  
 29 to sections 18.5 and 19.5 of this chapter.

30 (b) The county council of each county shall appropriate the funds  
 31 necessary for the employment of deputies, employees, or technical  
 32 advisors employed under subsection (a) of this section.

33 SECTION 4. IC 6-1.1-4-27.5, AS AMENDED BY P.L.146-2008,  
 34 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2010]: Sec. 27.5. (a) The auditor of each county shall establish  
 36 a property reassessment fund. The county treasurer shall deposit all  
 37 collections resulting from the property taxes that the county levies for  
 38 the county's property reassessment fund.

39 (b) With respect to the general reassessment of real property that is  
 40 to commence on July 1, 2009, the county council of each county shall,  
 41 for property taxes due in 2006, 2007, 2008, and 2009, levy in each year  
 42 against all the taxable property in the county an amount equal to  
 43 one-fourth (1/4) of the remainder of:

44 (1) the estimated costs referred to in section 28.5(a) of this  
 45 chapter; minus

46 (2) the amount levied under this section by the county council for

property taxes due in 2004 and 2005.

(c) With respect to a general reassessment of real property that is to commence on July 1, 2014, and each fifth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the four (4) years preceding that year, levy against all the taxable property in the county an amount equal to one-fifth (1/5) of the estimated costs of the general reassessment under section 28.5 of this chapter.

(d) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year.

(e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:

(1) a general reassessment; or

(2) making ~~annual~~ adjustments under section 4.5 of this chapter; has changed.

(f) The county assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:

(1) a general reassessment;

(2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; or

(3) processing ~~annual~~ adjustments under section 4.5 of this chapter.

The assessor must document the needs and reasons for the increased funding.

(g) If the county fiscal body denies a petition under subsection (f), the county assessor may appeal to the department of local government finance. The department of local government finance shall:

(1) hear the appeal; and

(2) determine whether the additional levy is necessary.

SECTION 5. IC 6-1.1-4-28.5, AS AMENDED BY P.L.146-2008, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

(1) the general reassessment of real property, including the computerization of assessment records;

(2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;

(3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;

(4) the updating of plat books;

(5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist

1 assessing officials;  
 2 (6) making ~~annual~~ adjustments under section 4.5 of this chapter;  
 3 and  
 4 (7) the verification under 50 IAC 21-3-2 of sales disclosure forms  
 5 forwarded to:  
 6 (A) the county assessor; or  
 7 (B) township assessors (if any);  
 8 under IC 6-1.1-5.5-3.

9 Money in a property tax reassessment fund may not be transferred or  
 10 reassigned to any other fund and may not be used for any purposes  
 11 other than those set forth in this section.

12 (b) All counties shall use modern, detailed soil maps in the general  
 13 reassessment of agricultural land.

14 (c) The county treasurer of each county shall, in accordance with  
 15 IC 5-13-9, invest any money accumulated in the property reassessment  
 16 fund. Any interest received from investment of the money shall be paid  
 17 into the property reassessment fund.

18 (d) An appropriation under this section must be approved by the  
 19 fiscal body of the county after the review and recommendation of the  
 20 county assessor. However, in a county with a township assessor in  
 21 every township, the county assessor does not review an appropriation  
 22 under this section, and only the fiscal body must approve an  
 23 appropriation under this section.

24 SECTION 6. IC 6-1.1-12.4-2, AS AMENDED BY P.L.146-2008,  
 25 SECTION 130, IS AMENDED TO READ AS FOLLOWS  
 26 [EFFECTIVE JULY 1, 2010]: Sec. 2. (a) For purposes of this section,  
 27 an increase in the assessed value of real property is determined in the  
 28 same manner that an increase in the assessed value of real property is  
 29 determined for purposes of IC 6-1.1-12.1.

30 (b) This subsection applies only to a development, redevelopment,  
 31 or rehabilitation that is first assessed after March 1, 2005, and before  
 32 March 2, 2007. Except as provided in subsection (h) and sections 4, 5,  
 33 and 8 of this chapter, an owner of real property that:

- 34 (1) develops, redevelops, or rehabilitates the real property; and
- 35 (2) creates or retains employment from the development,  
 36 redevelopment, or rehabilitation;

37 is entitled to a deduction from the assessed value of the real property.

38 (c) Subject to section 14 of this chapter, the deduction under this  
 39 section is first available in the year in which the increase in assessed  
 40 value resulting from the development, redevelopment, or rehabilitation  
 41 occurs and continues for the following two (2) years. The amount of the  
 42 deduction that a property owner may receive with respect to real  
 43 property located in a county for a particular year equals the lesser of:

- 44 (1) two million dollars (\$2,000,000); or
- 45 (2) the product of:  
 46 (A) the increase in assessed value resulting from the

development, rehabilitation, or redevelopment; multiplied by  
(B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor, or the county assessor if there is no township assessor for the township, shall:

(1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and

(2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

(1) a general reassessment of real property under IC 6-1.1-4-4; or

(2) an ~~annual~~ adjustment under IC 6-1.1-4-4.5.

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 7. IC 6-1.1-18-12, AS AMENDED BY P.L.146-2008, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

(1) property tax rate or rates; or

(2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted each year to account for the change in assessed value of real property that results from:

(1) an ~~annual~~ adjustment of the assessed value of real property

- 1 under IC 6-1.1-4-4.5; or
- 2 (2) a general reassessment of real property under IC 6-1.1-4-4.
- 3 (d) The statutes to which subsection (a) refers are:
- 4 (1) IC 8-10-5-17;
- 5 (2) IC 8-22-3-11;
- 6 (3) IC 8-22-3-25;
- 7 (4) IC 12-29-1-1;
- 8 (5) IC 12-29-1-2;
- 9 (6) IC 12-29-1-3;
- 10 (7) IC 12-29-3-6;
- 11 (8) IC 13-21-3-12;
- 12 (9) IC 13-21-3-15;
- 13 (10) IC 14-27-6-30;
- 14 (11) IC 14-33-7-3;
- 15 (12) IC 14-33-21-5;
- 16 (13) IC 15-14-7-4;
- 17 (14) IC 15-14-9-1;
- 18 (15) IC 15-14-9-2;
- 19 (16) IC 16-20-2-18;
- 20 (17) IC 16-20-4-27;
- 21 (18) IC 16-20-7-2;
- 22 (19) IC 16-22-14;
- 23 (20) IC 16-23-1-29;
- 24 (21) IC 16-23-3-6;
- 25 (22) IC 16-23-4-2;
- 26 (23) IC 16-23-5-6;
- 27 (24) IC 16-23-7-2;
- 28 (25) IC 16-23-8-2;
- 29 (26) IC 16-23-9-2;
- 30 (27) IC 16-41-15-5;
- 31 (28) IC 16-41-33-4;
- 32 (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
- 33 (30) IC 20-46-6-5;
- 34 (31) IC 20-49-2-10;
- 35 (32) IC 36-1-19-1;
- 36 (33) IC 23-14-66-2;
- 37 (34) IC 23-14-67-3;
- 38 (35) IC 36-7-13-4;
- 39 (36) IC 36-7-14-28;
- 40 (37) IC 36-7-15.1-16;
- 41 (38) IC 36-8-19-8.5;
- 42 (39) IC 36-9-6.1-2;
- 43 (40) IC 36-9-17.5-4;
- 44 (41) IC 36-9-27-73;
- 45 (42) IC 36-9-29-31;
- 46 (43) IC 36-9-29.1-15;

- 1 (44) IC 36-10-6-2;
- 2 (45) IC 36-10-7-7;
- 3 (46) IC 36-10-7-8;
- 4 (47) IC 36-10-7.5-19;
- 5 (48) IC 36-10-13-5;
- 6 (49) IC 36-10-13-7;
- 7 (50) IC 36-10-14-4;
- 8 (51) IC 36-12-7-7;
- 9 (52) IC 36-12-7-8;
- 10 (53) IC 36-12-12-10; and
- 11 (54) any statute enacted after December 31, 2003, that:
  - 12 (A) establishes a maximum rate for any part of the:
    - 13 (i) property taxes; or
    - 14 (ii) special benefits taxes;
  - 15 imposed by a political subdivision; and
  - 16 (B) does not exempt the maximum rate from the adjustment
  - 17 under this section.
- 18 (e) The new maximum rate under a statute listed in subsection (d)  
19 is the tax rate determined under STEP SEVEN of the following STEPS:
  - 20 STEP ONE: Determine the maximum rate for the political  
21 subdivision levying a property tax or special benefits tax under  
22 the statute for the year preceding the year in which the ~~annual~~  
23 adjustment or general reassessment takes effect.
  - 24 STEP TWO: Determine the actual percentage increase (rounded  
25 to the nearest one-hundredth percent (0.01%)) in the assessed  
26 value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the  
27 taxable property from the year preceding the year the ~~annual~~  
28 adjustment or general reassessment takes effect to the year that  
29 the ~~annual~~ adjustment or general reassessment takes effect.
  - 30 STEP THREE: Determine the three (3) calendar years that  
31 immediately precede the ensuing calendar year and in which a  
32 statewide general reassessment of real property does not first take  
33 effect.
  - 34 STEP FOUR: Compute separately, for each of the calendar years  
35 determined in STEP THREE, the actual percentage increase  
36 (rounded to the nearest one-hundredth percent (0.01%)) in the  
37 assessed value (before the adjustment, if any, under  
38 IC 6-1.1-4-4.5) of the taxable property from the preceding year.
  - 39 STEP FIVE: Divide the sum of the three (3) quotients computed  
40 in STEP FOUR by three (3).
  - 41 STEP SIX: Determine the greater of the following:
    - 42 (A) Zero (0).
    - 43 (B) The result of the STEP TWO percentage minus the STEP  
44 FIVE percentage.
  - 45 STEP SEVEN: Determine the quotient of the STEP ONE tax rate  
46 divided by the sum of one (1) plus the STEP SIX percentage



1 increase.

2 (f) The department of local government finance shall compute the  
3 maximum rate allowed under subsection (e) and provide the rate to  
4 each political subdivision with authority to levy a tax under a statute  
5 listed in subsection (d).

6 SECTION 8. IC 6-1.1-18-13, AS AMENDED BY P.L.219-2007,  
7 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2010]: Sec. 13. (a) The maximum property tax rate levied  
9 under IC 20-46-6 by each school corporation for the school  
10 corporation's capital projects fund must be adjusted each year to  
11 account for the change in assessed value of real property that results  
12 from:

13 (1) an ~~annual~~ adjustment of the assessed value of real property  
14 under IC 6-1.1-4-4.5; or

15 (2) a general reassessment of real property under IC 6-1.1-4-4.

16 (b) The new maximum rate under this section is the tax rate  
17 determined under STEP SEVEN of the following formula:

18 STEP ONE: Determine the maximum rate for the school  
19 corporation for the year preceding the year in which the ~~annual~~  
20 adjustment or general reassessment takes effect.

21 STEP TWO: Determine the actual percentage increase (rounded  
22 to the nearest one-hundredth percent (0.01%)) in the assessed  
23 value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the  
24 taxable property from the year preceding the year the ~~annual~~  
25 adjustment or general reassessment takes effect to the year that  
26 the ~~annual~~ adjustment or general reassessment is effective.

27 STEP THREE: Determine the three (3) calendar years that  
28 immediately precede the ensuing calendar year and in which a  
29 statewide general reassessment of real property does not first  
30 become effective.

31 STEP FOUR: Compute separately, for each of the calendar years  
32 determined in STEP THREE, the actual percentage increase  
33 (rounded to the nearest one-hundredth percent (0.01%)) in the  
34 assessed value (before the adjustment, if any, under  
35 IC 6-1.1-4-4.5) of the taxable property from the preceding year.

36 STEP FIVE: Divide the sum of the three (3) quotients computed  
37 in STEP FOUR by three (3).

38 STEP SIX: Determine the greater of the following:

39 (A) Zero (0).

40 (B) The result of the STEP TWO percentage minus the STEP  
41 FIVE percentage.

42 STEP SEVEN: Determine the quotient of the STEP ONE tax rate  
43 divided by the sum of one (1) plus the STEP SIX percentage  
44 increase.

45 (c) The department of local government finance shall compute the  
46 maximum rate allowed under subsection (b) and provide the rate to

1 each school corporation.

2 SECTION 9. IC 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006,  
3 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2010]: Sec. 1. As used in this chapter:

5 "Ad valorem property tax levy for an ensuing calendar year" means  
6 the total property taxes imposed by a civil taxing unit for current  
7 property taxes collectible in that ensuing calendar year.

8 "Adopting county" means any county in which the county adjusted  
9 gross income tax is in effect.

10 "Civil taxing unit" means any taxing unit except a school  
11 corporation.

12 "Maximum permissible ad valorem property tax levy for the  
13 preceding calendar year" means the greater of:

14 (1) the remainder of:

15 (A) the civil taxing unit's maximum permissible ad valorem  
16 property tax levy for the calendar year immediately preceding  
17 the ensuing calendar year, as that levy was determined under  
18 section 3 of this chapter; minus

19 (B) one-half (1/2) of the remainder of:

20 (i) the civil taxing unit's maximum permissible ad valorem  
21 property tax levy referred to in clause (A); minus

22 (ii) the civil taxing unit's ad valorem property tax levy for  
23 the calendar year immediately preceding the ensuing  
24 calendar year referred to in subdivision (2); or

25 (2) the civil taxing unit's ad valorem property tax levy for the  
26 calendar year immediately preceding the ensuing calendar year,  
27 as that levy was determined by the department of local  
28 government finance in fixing the civil taxing unit's budget, levy,  
29 and rate for that preceding calendar year under IC 6-1.1-17, and  
30 after eliminating the effects of temporary excessive levy appeals  
31 and temporary adjustments made to the working maximum levy  
32 for the calendar year immediately preceding the ensuing calendar  
33 year, as determined by the department of local government  
34 finance.

35 "Taxable property" means all tangible property that is subject to the  
36 tax imposed by this article and is not exempt from the tax under  
37 IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this  
38 chapter, the term "taxable property" is further defined in section 6 of  
39 this chapter.

40 "Unadjusted assessed value" means the assessed value of a civil  
41 taxing unit as determined by local assessing officials and the  
42 department of local government finance in a particular calendar year  
43 before the application of an annual adjustment under IC 6-1.1-4-4.5 for  
44 that particular calendar year or any calendar year since the last general  
45 reassessment preceding the particular calendar year.

46 SECTION 10. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.219-2007,

SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 9.8. (a) For purposes of determining the property tax levy limit imposed on a city, town, or county under section 3 of this chapter, the city, town, or county's ad valorem property tax levy for a particular calendar year does not include an amount equal to the lesser of:

- (1) the amount of ad valorem property taxes that would be first due and payable to the city, town, or county during the ensuing calendar year if the taxing unit imposed the maximum permissible property tax rate per one hundred dollars (\$100) of assessed valuation that the civil taxing unit may impose for the particular calendar year under the authority of IC 36-9-14.5 (in the case of a county) or IC 36-9-15.5 (in the case of a city or town); or
- (2) the excess, if any, of:

(A) the property taxes imposed by the city, town, or county under the authority of:

- IC 3-11-6-9;
- IC 8-16-3;
- IC 8-16-3.1;
- IC 8-22-3-25;
- IC 14-27-6-48;
- IC 14-33-9-3;
- IC 16-22-8-41;
- IC 16-22-5-2 through IC 16-22-5-15;
- IC 16-23-1-40;
- IC 36-8-14;
- IC 36-9-4-48;
- IC 36-9-14;
- IC 36-9-14.5;
- IC 36-9-15;
- IC 36-9-15.5;
- IC 36-9-16;
- IC 36-9-16.5;
- IC 36-9-17;
- IC 36-9-26;
- IC 36-9-27-100;
- IC 36-10-3-21; or
- IC 36-10-4-36;

that are first due and payable during the ensuing calendar year; over

(B) the property taxes imposed by the city, town, or county under the authority of the citations listed in clause (A) that were first due and payable during calendar year 1984.

(b) The maximum property tax rate levied under the statutes listed in subsection (a) must be adjusted each year to account for the change in assessed value of real property that results from:

(1) an ~~annual~~ adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or

(2) a general reassessment of real property under IC 6-1.1-4-4.

(c) The new maximum rate under a statute listed in subsection (a) is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the political subdivision levying a property tax under the statute for the year preceding the year in which the ~~annual~~ adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the ~~annual~~ adjustment or general reassessment takes effect to the year that the ~~annual~~ adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(d) The department of local government finance shall compute the maximum rate allowed under subsection (c) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (a).

SECTION 11. IC 6-1.1-18.5-13, AS AMENDED BY P.L.182-2009(ss), SECTION 131, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the department may find that a civil taxing unit should receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in

the judgment of the department the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons. With respect to annexation, consolidation, or other extensions of governmental services in a calendar year, if those increased costs are incurred by the civil taxing unit in that calendar year and more than one (1) immediately succeeding calendar year, the unit may appeal under section 12 of this chapter for permission to increase its levy under this subdivision based on those increased costs in any of the following:

(A) The first calendar year in which those costs are incurred.

(B) One (1) or more of the immediately succeeding four (4) calendar years.

(2) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's estimate of the unit's share of the costs of operating a court for the first full calendar year in which it is in existence. For purposes of this subdivision, costs of operating a court include:

(A) the cost of personal services (including fringe benefits);

(B) the cost of supplies; and

(C) any other cost directly related to the operation of the court.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the department finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and two-hundredths (1.02):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property or the initial ~~annual~~ adjustment of the assessed value of real property under IC 6-1.1-4-4.5 does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the

nearest ten-thousandth (0.0001)) of the sum of the civil taxing unit's total assessed value of all taxable property and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006 plus for a particular calendar year after 2009, the total assessed value of property tax deductions that applied in the unit under IC 6-1.1-12-37.5 in 2008;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008.

1 Permission to the civil taxing unit to increase its levy in excess of  
 2 the limitations established under section 3 of this chapter, if the  
 3 local government tax control board finds that the civil taxing unit  
 4 needs the increase to pay the costs of furnishing fire protection for  
 5 the civil taxing unit through a volunteer fire department. For  
 6 purposes of determining a township's need for an increased levy,  
 7 the local government tax control board shall not consider the  
 8 amount of money borrowed under IC 36-6-6-14 during the  
 9 immediately preceding calendar year. However, any increase in  
 10 the amount of the civil taxing unit's levy recommended by the  
 11 local government tax control board under this subdivision for the  
 12 ensuing calendar year may not exceed the lesser of:

13 (A) ten thousand dollars (\$10,000); or

14 (B) twenty percent (20%) of:

15 (i) the amount authorized for operating expenses of a  
 16 volunteer fire department in the budget of the civil taxing  
 17 unit for the immediately preceding calendar year; plus

18 (ii) the amount of any additional appropriations authorized  
 19 during that calendar year for the civil taxing unit's use in  
 20 paying operating expenses of a volunteer fire department  
 21 under this chapter; minus

22 (iii) the amount of money borrowed under IC 36-6-6-14  
 23 during that calendar year for the civil taxing unit's use in  
 24 paying operating expenses of a volunteer fire department.

25 (5) A levy increase may not be granted under this subdivision for  
 26 property taxes first due and payable after December 31, 2008.  
 27 Permission to a civil taxing unit to increase its levy in excess of  
 28 the limitations established under section 3 of this chapter in order  
 29 to raise revenues for pension payments and contributions the civil  
 30 taxing unit is required to make under IC 36-8. The maximum  
 31 increase in a civil taxing unit's levy that may be recommended  
 32 under this subdivision for an ensuing calendar year equals the  
 33 amount, if any, by which the pension payments and contributions  
 34 the civil taxing unit is required to make under IC 36-8 during the  
 35 ensuing calendar year exceeds the product of one and one-tenth  
 36 (1.1) multiplied by the pension payments and contributions made  
 37 by the civil taxing unit under IC 36-8 during the calendar year that  
 38 immediately precedes the ensuing calendar year. For purposes of  
 39 this subdivision, "pension payments and contributions made by a  
 40 civil taxing unit" does not include that part of the payments or  
 41 contributions that are funded by distributions made to a civil  
 42 taxing unit by the state.

43 (6) A levy increase may not be granted under this subdivision for  
 44 property taxes first due and payable after December 31, 2008.  
 45 Permission to increase its levy in excess of the limitations  
 46 established under section 3 of this chapter if the local government

1 tax control board finds that:

2 (A) the township's township assistance ad valorem property  
3 tax rate is less than one and sixty-seven hundredths cents  
4 (\$0.0167) per one hundred dollars (\$100) of assessed  
5 valuation; and

6 (B) the township needs the increase to meet the costs of  
7 providing township assistance under IC 12-20 and IC 12-30-4.

8 The maximum increase that the board may recommend for a  
9 township is the levy that would result from an increase in the  
10 township's township assistance ad valorem property tax rate of  
11 one and sixty-seven hundredths cents (\$0.0167) per one hundred  
12 dollars (\$100) of assessed valuation minus the township's ad  
13 valorem property tax rate per one hundred dollars (\$100) of  
14 assessed valuation before the increase.

15 (7) A levy increase may not be granted under this subdivision for  
16 property taxes first due and payable after December 31, 2008.  
17 Permission to a civil taxing unit to increase its levy in excess of  
18 the limitations established under section 3 of this chapter if:

19 (A) the increase has been approved by the legislative body of  
20 the municipality with the largest population where the civil  
21 taxing unit provides public transportation services; and

22 (B) the local government tax control board finds that the civil  
23 taxing unit needs the increase to provide adequate public  
24 transportation services.

25 The local government tax control board shall consider tax rates  
26 and levies in civil taxing units of comparable population, and the  
27 effect (if any) of a loss of federal or other funds to the civil taxing  
28 unit that might have been used for public transportation purposes.  
29 However, the increase that the board may recommend under this  
30 subdivision for a civil taxing unit may not exceed the revenue that  
31 would be raised by the civil taxing unit based on a property tax  
32 rate of one cent (\$0.01) per one hundred dollars (\$100) of  
33 assessed valuation.

34 (8) A levy increase may not be granted under this subdivision for  
35 property taxes first due and payable after December 31, 2008.  
36 Permission to a civil taxing unit to increase the unit's levy in  
37 excess of the limitations established under section 3 of this  
38 chapter if the local government tax control board finds that:

39 (A) the civil taxing unit is:

40 (i) a county having a population of more than one hundred  
41 forty-eight thousand (148,000) but less than one hundred  
42 seventy thousand (170,000);

43 (ii) a city having a population of more than fifty-five  
44 thousand (55,000) but less than fifty-nine thousand (59,000);

45 (iii) a city having a population of more than twenty-eight  
46 thousand seven hundred (28,700) but less than twenty-nine



thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

- (i) was issued by a federal district court; and
- (ii) has not been terminated;

(C) that operates a county jail that fails to meet:

- (i) American Correctional Association Jail Construction Standards; and
- (ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C)

1           for the operation of juvenile detention centers.  
2       Before recommending an increase, the local government tax  
3       control board shall consider all other revenues available to the  
4       county that could be applied for that purpose. An appeal for  
5       operating funds for a jail or a juvenile detention center shall be  
6       considered individually, if a jail and juvenile detention center are  
7       both opened in one (1) county. The maximum aggregate levy  
8       increases that the local government tax control board may  
9       recommend for a county equals the county's share of the costs of  
10      operating the jail or a juvenile detention center for the first full  
11      calendar year in which the jail or juvenile detention center is in  
12      operation.  
13      (10) A levy increase may not be granted under this subdivision for  
14      property taxes first due and payable after December 31, 2008.  
15      Permission for a township to increase its levy in excess of the  
16      limitations established under section 3 of this chapter, if the local  
17      government tax control board finds that the township needs the  
18      increase so that the property tax rate to pay the costs of furnishing  
19      fire protection for a township, or a portion of a township, enables  
20      the township to pay a fair and reasonable amount under a contract  
21      with the municipality that is furnishing the fire protection.  
22      However, for the first time an appeal is granted the resulting rate  
23      increase may not exceed fifty percent (50%) of the difference  
24      between the rate imposed for fire protection within the  
25      municipality that is providing the fire protection to the township  
26      and the township's rate. A township is required to appeal a second  
27      time for an increase under this subdivision if the township wants  
28      to further increase its rate. However, a township's rate may be  
29      increased to equal but may not exceed the rate that is used by the  
30      municipality. More than one (1) township served by the same  
31      municipality may use this appeal.  
32      (11) A levy increase may not be granted under this subdivision for  
33      property taxes first due and payable after December 31, 2008.  
34      Permission for a township to increase its levy in excess of the  
35      limitations established under section 3 of this chapter, if the local  
36      government tax control board finds that the township has been  
37      required, for the three (3) consecutive years preceding the year for  
38      which the appeal under this subdivision is to become effective, to  
39      borrow funds under IC 36-6-6-14 to furnish fire protection for the  
40      township or a part of the township. However, the maximum  
41      increase in a township's levy that may be allowed under this  
42      subdivision is the least of the amounts borrowed under  
43      IC 36-6-6-14 during the preceding three (3) calendar years. A  
44      township may elect to phase in an approved increase in its levy  
45      under this subdivision over a period not to exceed three (3) years.  
46      A particular township may appeal to increase its levy under this

1 section not more frequently than every fourth calendar year.

2 (12) Permission to a city having a population of more than  
3 twenty-nine thousand (29,000) but less than thirty-one thousand  
4 (31,000) to increase its levy in excess of the limitations  
5 established under section 3 of this chapter if:

6 (A) an appeal was granted to the city under this section to  
7 reallocate property tax replacement credits under IC 6-3.5-1.1  
8 in 1998, 1999, and 2000; and

9 (B) the increase has been approved by the legislative body of  
10 the city, and the legislative body of the city has by resolution  
11 determined that the increase is necessary to pay normal  
12 operating expenses.

13 The maximum amount of the increase is equal to the amount of  
14 property tax replacement credits under IC 6-3.5-1.1 that the city  
15 petitioned under this section to have reallocated in 2001 for a  
16 purpose other than property tax relief.

17 (13) A levy increase may be granted under this subdivision only  
18 for property taxes first due and payable after December 31, 2008.  
19 Permission to a civil taxing unit to increase its levy in excess of  
20 the limitations established under section 3 of this chapter if the  
21 civil taxing unit cannot carry out its governmental functions for  
22 an ensuing calendar year under the levy limitations imposed by  
23 section 3 of this chapter due to a natural disaster, an accident, or  
24 another unanticipated emergency.

25 SECTION 12. IC 6-1.1-20.3-2, AS AMENDED BY P.L.146-2008,  
26 SECTION 202, IS AMENDED TO READ AS FOLLOWS  
27 [EFFECTIVE JULY 1, 2010]: Sec. 2. As used in this chapter,  
28 "distressed political subdivision" means a political subdivision that  
29 expects to have the political subdivision's property tax collections  
30 reduced by at least five percent (5%) in a calendar year as a result of  
31 the application of ~~the credit one (1) or more credits~~ under  
32 IC 6-1.1-20.6 for that calendar year.

33 SECTION 13. IC 6-1.1-20.3-6, AS AMENDED BY P.L.146-2008,  
34 SECTION 205, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE JULY 1, 2010]: Sec. 6. (a) For property taxes first due  
36 and payable in 2008 and thereafter, the fiscal body of a distressed  
37 political subdivision may petition the board for relief as authorized  
38 under this chapter from the application of ~~the credit one (1) or more~~  
39 **credits** under IC 6-1.1-20.6 for a calendar year.

40 (b) A petition under subsection (a) must include a proposed  
41 financial plan for the distressed political subdivision. The proposed  
42 financial plan must include the following:

43 (1) Proposed budgets that would enable the distressed political  
44 subdivision to cease being a distressed political subdivision.

45 (2) Proposed efficiencies, consolidations, cost reductions, uses of  
46 alternative or additional revenues, or other actions that would

enable the distressed political subdivision to cease being a distressed political subdivision.

(3) Proposed increases, if any, in the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5** will apply, including any varying percentages for different classes of property.

(4) Proposed reductions, if any, to the credits under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5** (by percentages), including any varying percentage reductions for different classes of property.

**(5) Proposed changes, if any, in the calculation of the credit under IC 6-1.1-20.6-8.7(c) as permitted under section 8(b)(4) of this chapter.**

(c) The board may adopt procedures governing the timing and required content of a petition under subsection (a).

SECTION 14. IC 6-1.1-20.3-8, AS AMENDED BY P.L.146-2008, SECTION 207, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 8. (a) The board may authorize relief as provided in subsection (b) from the application of ~~the credit one~~ **(1) or more credits** under IC 6-1.1-20.6 for a calendar year if the governing body of each political subdivision in the county that is affected by the financial plan has adopted a resolution agreeing to the terms of the financial plan.

(b) If the conditions of subsection (a) are satisfied, the board may, notwithstanding IC 6-1.1-20.6, do any of the following:

(1) Increase the percentage thresholds (specified as a percentage of gross assessed value) at which the credit under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5** applies to a person's property tax liability in the political subdivision.

(2) Provide for percentage reductions to credits otherwise provided under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5** in the political subdivision.

(3) Provide that some or all of the property taxes that:

(A) are being imposed to pay bonds, leases, or other debt obligations; and

(B) would otherwise be included in the calculation of the credit under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5** in the political subdivision;

shall not be included for purposes of calculating a person's credit under ~~IC 6-1.1-20.6~~ **IC 6-1.1-20.6-7.5**.

**(4) Change the calculation of the credit under IC 6-1.1-20.6-8.7(c) so that the multiplier under that subsection is a factor different from the index factor, as defined in IC 6-1.1-20.6-8.7(b).**

(c) If the board provides relief described in subsection (b), the board shall conduct audits and reviews as necessary to determine whether the affected political subdivision is abiding by the terms of the financial

1 plan agreed to under subsection (a).".

2 Page 2, delete lines 1 through 28.

3 Page 3, delete lines 4 through 42, begin a new paragraph and insert:

4 "SECTION 16. IC 6-1.1-20.6-8.7 IS ADDED TO THE INDIANA  
5 CODE AS A NEW SECTION TO READ AS FOLLOWS  
6 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 8.7. (a) As**  
7 **used in this section, "index" refers to the United States Department**  
8 **of Labor Consumer Price Index for all Urban Consumers.**

9 (b) As used in this section, "index factor" refers to the quotient  
10 of the most recently available annual average index for a calendar  
11 year divided by the annual average index for the immediately  
12 preceding calendar year.

13 (c) Subject to subsections (d), (e), (f), and (j) an additional credit  
14 applies under this section for property taxes first due and payable  
15 on real property in 2011 and in each subsequent calendar year in  
16 the amount by which the property tax liability first due and  
17 payable on the real property for the current calendar year exceeds  
18 the property tax liability first due and payable on the real property  
19 for the immediately preceding calendar year multiplied by the  
20 index factor.

21 (d) Property tax liability imposed:

- 22 (1) on an improvement to or expansion of the real property;
- 23 (2) as a result of a change in use of the real property; or
- 24 (3) as a result of the correction of an error in the assessed
- 25 value of the property;

26 after the assessment date for which property tax liability for the  
27 immediately preceding calendar described in subsection (c) was  
28 imposed is not considered in determining the credit granted under  
29 this section in the current calendar year.

30 (e) The following are not considered for purposes of calculating  
31 a credit under this section:

- 32 (1) Property taxes imposed after being approved by the voters
- 33 in a referendum or local public question.
- 34 (2) Subject to subsection (i), property taxes attributable to the
- 35 elimination of or a reduction in the amount of a deduction
- 36 applied to property under IC 6-1.1-12.1.

37 (f) Except as provided in subsection (g), the credit under this  
38 section does not apply for property taxes first due and payable in  
39 a calendar year if one (1) or more transfers of title to the real  
40 property result in an entity being liable for the property taxes on  
41 the real property in that calendar year that is different from the  
42 entity that was liable for the property taxes on the real property in  
43 the immediately preceding calendar year.

44 (g) Subsection (f) does not apply to real property that is jointly  
45 held with another owner following the removal of the joint owner  
46 if:

- 47 (1) the individual is the sole owner of the property following

1           the death of the individual's spouse;

2           (2) the individual is the sole owner of the property following  
3           the death of a joint owner who was not the individual's  
4           spouse; or

5           (3) the individual is awarded sole ownership of property in a  
6           dissolution of marriage decree.

7       (h) The budget agency shall annually:

8           (1) determine the index factor;

9           (2) make the index factor available on the web site maintained  
10          by the budget agency; and

11          (3) notify county auditors in writing of the index factor.

12       (i) Subsection (e)(2) does not apply to a deduction if:

13           (1) the deduction applies for only one (1) year under  
14           IC 6-1.1-12.1-4(d)(1) or IC 6-1.1-12.1-4.8(i)(1) and the year of  
15           the deduction is after 2009; or

16           (2) the deduction applies under a multiple year schedule  
17           under IC 6-1.1-12.1-4(d) or IC 6-1.1-12.1-4.8(i) and the first  
18           year of the schedule is after 2009.

19       (j) If one (1) or more parcels are combined, the amount of the  
20       credit under this section for the combined parcel is the sum of the  
21       credit amounts that would have applied for both or all of the  
22       combined parcels if the combination had not occurred.

23       SECTION 17. IC 6-1.1-30-14, AS AMENDED BY P.L.219-2007,  
24       SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25       JULY 1, 2010]: Sec. 14. The department of local government finance:

26           (1) shall see that the property taxes due this state are collected;

27           (2) shall see that the penalties prescribed under this article are  
28           enforced;

29           (3) shall investigate the property tax laws and systems of other  
30           states and countries;

31           (4) for assessment dates after December 31, 2008, shall conduct  
32           all ratio studies required for:

33               (A) equalization under 50 IAC 14; and

34               (B) ~~annual~~ adjustments under 50 IAC 21; and

35           (5) may recommend changes in this state's property tax laws to the  
36           general assembly.

37       SECTION 18. IC 6-1.1-39-5, AS AMENDED BY P.L.146-2008,  
38       SECTION 296, IS AMENDED TO READ AS FOLLOWS  
39       [EFFECTIVE JULY 1, 2010]: Sec. 5. (a) A declaratory ordinance  
40       adopted under section 2 of this chapter and confirmed under section 3  
41       of this chapter must include a provision with respect to the allocation  
42       and distribution of property taxes for the purposes and in the manner  
43       provided in this section. The allocation provision must apply to the  
44       entire economic development district. The allocation provisions must  
45       require that any property taxes subsequently levied by or for the benefit  
46       of any public body entitled to a distribution of property taxes on taxable

property in the economic development district be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, part or all of the property tax proceeds in excess of those described in subdivision (1), as specified in the declaratory ordinance, shall be allocated to the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by subdivision (1).

(3) When the money in the fund is sufficient to pay all outstanding principal of and interest (to the earliest date on which the obligations can be redeemed) on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district, money in the special fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subdivision (1).

(b) Property tax proceeds allocable to the economic development district under subsection (a)(2) must, subject to subsection (a)(3), be irrevocably pledged by the unit for payment as set forth in subsection (a)(2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the economic development district that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory ordinance is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Notwithstanding any other law, each assessor shall, upon petition of the fiscal body, reassess the taxable property situated upon or in, or added to, the economic development district effective on the next assessment date after the petition.

(e) Notwithstanding any other law, the assessed value of all taxable property in the economic development district, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(f) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1.

(g) As used in this section, "property taxes" means:

(1) taxes imposed under this article on real property; and

(2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.

If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

(h) As used in this section, "base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus

(2) to the extent that it is not included in subdivision (1), the net



1           assessed value of property that is assessed as residential property  
2           under the rules of the department of local government finance, as  
3           finally determined for any assessment date after the effective date  
4           of the allocation provision.

5           Subdivision (2) applies only to economic development districts  
6           established after June 30, 1997, and to additional areas established  
7           after June 30, 1997.

8           SECTION 19. IC 8-22-3.5-11, AS AMENDED BY P.L.154-2006,  
9           SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10          JULY 1, 2010]: Sec. 11. (a) The state board of accounts and the  
11          department of local government finance shall make the rules and  
12          prescribe the forms and procedures that the state board of accounts and  
13          department consider appropriate for the implementation of this chapter.

14          (b) After each general reassessment under IC 6-1.1-4, the  
15          department of local government finance shall adjust the base assessed  
16          value (as defined in section 9 of this chapter) one (1) time to neutralize  
17          any effect of the general reassessment on the property tax proceeds  
18          allocated to the airport development zone's special funds under section  
19          9 of this chapter.

20          (c) After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the  
21          department of local government finance shall adjust the base assessed  
22          value (as defined in section 9 of this chapter) to neutralize any effect  
23          of the ~~annual~~ adjustment on the property tax proceeds allocated to the  
24          airport development zone's special funds under section 9 of this  
25          chapter.

26          SECTION 20. IC 36-7-14-39, AS AMENDED BY  
27          P.L.182-2009(ss), SECTION 404, IS AMENDED TO READ AS  
28          FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 39. (a) As used in this  
29          section:

30          "Allocation area" means that part of a redevelopment project area  
31          to which an allocation provision of a declaratory resolution adopted  
32          under section 15 of this chapter refers for purposes of distribution and  
33          allocation of property taxes.

34          "Base assessed value" means the following:

35               (1) If an allocation provision is adopted after June 30, 1995, in a  
36               declaratory resolution or an amendment to a declaratory  
37               resolution establishing an economic development area:

38                       (A) the net assessed value of all the property as finally  
39                       determined for the assessment date immediately preceding the  
40                       effective date of the allocation provision of the declaratory  
41                       resolution, as adjusted under subsection (h); plus

42                       (B) to the extent that it is not included in clause (A), the net  
43                       assessed value of property that is assessed as residential  
44                       property under the rules of the department of local government  
45                       finance, as finally determined for any assessment date after the  
46                       effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded part of the area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property

that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations

payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

- (i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
- (ii) Make any reimbursements required under this subdivision.
- (iii) Pay any expenses required under this subdivision.
- (iv) Establish, augment, or restore any debt service reserve under this subdivision.

1 The allocation fund may not be used for operating expenses of the  
 2 commission.

3 (3) Except as provided in subsection (g), before July 15 of each  
 4 year the commission shall do the following:

5 (A) Determine the amount, if any, by which the assessed value  
 6 of the taxable property in the allocation area for the most  
 7 recent assessment date minus the base assessed value, when  
 8 multiplied by the estimated tax rate of the allocation area, will  
 9 exceed the amount of assessed value needed to produce the  
 10 property taxes necessary to make, when due, principal and  
 11 interest payments on bonds described in subdivision (2) plus  
 12 the amount necessary for other purposes described in  
 13 subdivision (2).

14 (B) Provide a written notice to the county auditor, the fiscal  
 15 body of the county or municipality that established the  
 16 department of redevelopment, and the officers who are  
 17 authorized to fix budgets, tax rates, and tax levies under  
 18 IC 6-1.1-17-5 for each of the other taxing units that is wholly  
 19 or partly located within the allocation area. The notice must:

20 (i) state the amount, if any, of excess assessed value that the  
 21 commission has determined may be allocated to the  
 22 respective taxing units in the manner prescribed in  
 23 subdivision (1); or

24 (ii) state that the commission has determined that there is no  
 25 excess assessed value that may be allocated to the respective  
 26 taxing units in the manner prescribed in subdivision (1).

27 The county auditor shall allocate to the respective taxing units  
 28 the amount, if any, of excess assessed value determined by the  
 29 commission. The commission may not authorize an allocation  
 30 of assessed value to the respective taxing units under this  
 31 subdivision if to do so would endanger the interests of the  
 32 holders of bonds described in subdivision (2) or lessors under  
 33 section 25.3 of this chapter.

34 (c) For the purpose of allocating taxes levied by or for any taxing  
 35 unit or units, the assessed value of taxable property in a territory in the  
 36 allocation area that is annexed by any taxing unit after the effective  
 37 date of the allocation provision of the declaratory resolution is the  
 38 lesser of:

39 (1) the assessed value of the property for the assessment date with  
 40 respect to which the allocation and distribution is made; or

41 (2) the base assessed value.

42 (d) Property tax proceeds allocable to the redevelopment district  
 43 under subsection (b)(2) may, subject to subsection (b)(3), be  
 44 irrevocably pledged by the redevelopment district for payment as set  
 45 forth in subsection (b)(2).

46 (e) Notwithstanding any other law, each assessor shall, upon

petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of

1 local government finance shall adjust the base assessed value one (1)  
 2 time to neutralize any effect of the general reassessment on the  
 3 property tax proceeds allocated to the redevelopment district under this  
 4 section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the  
 5 department of local government finance shall adjust the base assessed  
 6 value one (1) time to neutralize any effect of the ~~annual~~ adjustment on  
 7 the property tax proceeds allocated to the redevelopment district under  
 8 this section. However, the adjustments under this subsection may not  
 9 include the effect of property tax abatements under IC 6-1.1-12.1, and  
 10 these adjustments may not produce less property tax proceeds allocable  
 11 to the redevelopment district under subsection (b)(2) than would  
 12 otherwise have been received if the general reassessment or ~~annual~~  
 13 adjustment had not occurred. The department of local government  
 14 finance may prescribe procedures for county and township officials to  
 15 follow to assist the department in making the adjustments.

16 (i) The allocation deadline referred to in subsection (b) is  
 17 determined in the following manner:

18 (1) The initial allocation deadline is December 31, 2011.

19 (2) Subject to subdivision (3), the initial allocation deadline and  
 20 subsequent allocation deadlines are automatically extended in  
 21 increments of five (5) years, so that allocation deadlines  
 22 subsequent to the initial allocation deadline fall on December 31,  
 23 2016, and December 31 of each fifth year thereafter.

24 (3) At least one (1) year before the date of an allocation deadline  
 25 determined under subdivision (2), the general assembly may enact  
 26 a law that:

27 (A) terminates the automatic extension of allocation deadlines  
 28 under subdivision (2); and

29 (B) specifically designates a particular date as the final  
 30 allocation deadline.

31 SECTION 21. IC 36-7-15.1-26, AS AMENDED BY  
 32 P.L.182-2009(ss), SECTION 406, IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 26. (a) As used in this  
 34 section:

35 "Allocation area" means that part of a redevelopment project area  
 36 to which an allocation provision of a resolution adopted under section  
 37 8 of this chapter refers for purposes of distribution and allocation of  
 38 property taxes.

39 "Base assessed value" means the following:

40 (1) If an allocation provision is adopted after June 30, 1995, in a  
 41 declaratory resolution or an amendment to a declaratory  
 42 resolution establishing an economic development area:

43 (A) the net assessed value of all the property as finally  
 44 determined for the assessment date immediately preceding the  
 45 effective date of the allocation provision of the declaratory  
 46 resolution, as adjusted under subsection (h); plus



- 1 (B) to the extent that it is not included in clause (A), the net  
 2 assessed value of property that is assessed as residential  
 3 property under the rules of the department of local government  
 4 finance, as finally determined for any assessment date after the  
 5 effective date of the allocation provision.
- 6 (2) If an allocation provision is adopted after June 30, 1997, in a  
 7 declaratory resolution or an amendment to a declaratory  
 8 resolution establishing a redevelopment project area:
- 9 (A) the net assessed value of all the property as finally  
 10 determined for the assessment date immediately preceding the  
 11 effective date of the allocation provision of the declaratory  
 12 resolution, as adjusted under subsection (h); plus
- 13 (B) to the extent that it is not included in clause (A), the net  
 14 assessed value of property that is assessed as residential  
 15 property under the rules of the department of local government  
 16 finance, as finally determined for any assessment date after the  
 17 effective date of the allocation provision.
- 18 (3) If:
- 19 (A) an allocation provision adopted before June 30, 1995, in  
 20 a declaratory resolution or an amendment to a declaratory  
 21 resolution establishing a redevelopment project area expires  
 22 after June 30, 1997; and
- 23 (B) after June 30, 1997, a new allocation provision is included  
 24 in an amendment to the declaratory resolution;
- 25 the net assessed value of all the property as finally determined for  
 26 the assessment date immediately preceding the effective date of  
 27 the allocation provision adopted after June 30, 1997, as adjusted  
 28 under subsection (h).
- 29 (4) Except as provided in subdivision (5), for all other allocation  
 30 areas, the net assessed value of all the property as finally  
 31 determined for the assessment date immediately preceding the  
 32 effective date of the allocation provision of the declaratory  
 33 resolution, as adjusted under subsection (h).
- 34 (5) If an allocation area established in an economic development  
 35 area before July 1, 1995, is expanded after June 30, 1995, the  
 36 definition in subdivision (1) applies to the expanded part of the  
 37 area added after June 30, 1995.
- 38 (6) If an allocation area established in a redevelopment project  
 39 area before July 1, 1997, is expanded after June 30, 1997, the  
 40 definition in subdivision (2) applies to the expanded part of the  
 41 area added after June 30, 1997.
- 42 Except as provided in section 26.2 of this chapter, "property taxes"  
 43 means taxes imposed under IC 6-1.1 on real property. However, upon  
 44 approval by a resolution of the redevelopment commission adopted  
 45 before June 1, 1987, "property taxes" also includes taxes imposed  
 46 under IC 6-1.1 on depreciable personal property. If a redevelopment

commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be

1 allocated to the redevelopment district and, when collected, paid  
 2 into a special fund for that allocation area that may be used by the  
 3 redevelopment district only to do one (1) or more of the  
 4 following:

5 (A) Pay the principal of and interest on any obligations  
 6 payable solely from allocated tax proceeds that are incurred by  
 7 the redevelopment district for the purpose of financing or  
 8 refinancing the redevelopment of that allocation area.

9 (B) Establish, augment, or restore the debt service reserve for  
 10 bonds payable solely or in part from allocated tax proceeds in  
 11 that allocation area.

12 (C) Pay the principal of and interest on bonds payable from  
 13 allocated tax proceeds in that allocation area and from the  
 14 special tax levied under section 19 of this chapter.

15 (D) Pay the principal of and interest on bonds issued by the  
 16 consolidated city to pay for local public improvements that are  
 17 physically located in or physically connected to that allocation  
 18 area.

19 (E) Pay premiums on the redemption before maturity of bonds  
 20 payable solely or in part from allocated tax proceeds in that  
 21 allocation area.

22 (F) Make payments on leases payable from allocated tax  
 23 proceeds in that allocation area under section 17.1 of this  
 24 chapter.

25 (G) Reimburse the consolidated city for expenditures for local  
 26 public improvements (which include buildings, parking  
 27 facilities, and other items set forth in section 17 of this  
 28 chapter) that are physically located in or physically connected  
 29 to that allocation area.

30 (H) Reimburse the unit for rentals paid by it for a building or  
 31 parking facility that is physically located in or physically  
 32 connected to that allocation area under any lease entered into  
 33 under IC 36-1-10.

34 (I) Reimburse public and private entities for expenses incurred  
 35 in training employees of industrial facilities that are located:

36 (i) in the allocation area; and

37 (ii) on a parcel of real property that has been classified as  
 38 industrial property under the rules of the department of local  
 39 government finance.

40 However, the total amount of money spent for this purpose in  
 41 any year may not exceed the total amount of money in the  
 42 allocation fund that is attributable to property taxes paid by the  
 43 industrial facilities described in this clause. The  
 44 reimbursements under this clause must be made within three  
 45 (3) years after the date on which the investments that are the  
 46 basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation

1 to the respective taxing units under this subdivision if to do so  
 2 would endanger the interests of the holders of bonds described  
 3 in subdivision (2).

4 (c) For the purpose of allocating taxes levied by or for any taxing  
 5 unit or units, the assessed value of taxable property in a territory in the  
 6 allocation area that is annexed by any taxing unit after the effective  
 7 date of the allocation provision of the resolution is the lesser of:

8 (1) the assessed value of the property for the assessment date with  
 9 respect to which the allocation and distribution is made; or

10 (2) the base assessed value.

11 (d) Property tax proceeds allocable to the redevelopment district  
 12 under subsection (b)(2) may, subject to subsection (b)(3), be  
 13 irrevocably pledged by the redevelopment district for payment as set  
 14 forth in subsection (b)(2).

15 (e) Notwithstanding any other law, each assessor shall, upon  
 16 petition of the commission, reassess the taxable property situated upon  
 17 or in, or added to, the allocation area, effective on the next assessment  
 18 date after the petition.

19 (f) Notwithstanding any other law, the assessed value of all taxable  
 20 property in the allocation area, for purposes of tax limitation, property  
 21 tax replacement, and formulation of the budget, tax rate, and tax levy  
 22 for each political subdivision in which the property is located is the  
 23 lesser of:

24 (1) the assessed value of the property as valued without regard to  
 25 this section; or

26 (2) the base assessed value.

27 (g) If any part of the allocation area is located in an enterprise zone  
 28 created under IC 5-28-15, the unit that designated the allocation area  
 29 shall create funds as specified in this subsection. A unit that has  
 30 obligations, bonds, or leases payable from allocated tax proceeds under  
 31 subsection (b)(2) shall establish an allocation fund for the purposes  
 32 specified in subsection (b)(2) and a special zone fund. Such a unit  
 33 shall, until the end of the enterprise zone phase out period, deposit each  
 34 year in the special zone fund the amount in the allocation fund derived  
 35 from property tax proceeds in excess of those described in subsection  
 36 (b)(1) from property located in the enterprise zone that exceeds the  
 37 amount sufficient for the purposes specified in subsection (b)(2) for the  
 38 year. A unit that has no obligations, bonds, or leases payable from  
 39 allocated tax proceeds under subsection (b)(2) shall establish a special  
 40 zone fund and deposit all the property tax proceeds in excess of those  
 41 described in subsection (b)(1) in the fund derived from property tax  
 42 proceeds in excess of those described in subsection (b)(1) from  
 43 property located in the enterprise zone. The unit that creates the special  
 44 zone fund shall use the fund, based on the recommendations of the  
 45 urban enterprise association, for one (1) or more of the following  
 46 purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact

1 a law that:

2 (A) terminates the automatic extension of allocation deadlines  
3 under subdivision (2); and

4 (B) specifically designates a particular date as the final  
5 allocation deadline.

6 SECTION 22. IC 36-7-15.1-53, AS AMENDED BY  
7 P.L.182-2009(ss), SECTION 407, IS AMENDED TO READ AS  
8 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 53. (a) As used in this  
9 section:

10 "Allocation area" means that part of a redevelopment project area  
11 to which an allocation provision of a resolution adopted under section  
12 40 of this chapter refers for purposes of distribution and allocation of  
13 property taxes.

14 "Base assessed value" means:

15 (1) the net assessed value of all the property as finally determined  
16 for the assessment date immediately preceding the effective date  
17 of the allocation provision of the declaratory resolution, as  
18 adjusted under subsection (h); plus

19 (2) to the extent that it is not included in subdivision (1), the net  
20 assessed value of property that is assessed as residential property  
21 under the rules of the department of local government finance, as  
22 finally determined for any assessment date after the effective date  
23 of the allocation provision.

24 Except as provided in section 55 of this chapter, "property taxes"  
25 means taxes imposed under IC 6-1.1 on real property.

26 (b) A resolution adopted under section 40 of this chapter on or  
27 before the allocation deadline determined under subsection (i) may  
28 include a provision with respect to the allocation and distribution of  
29 property taxes for the purposes and in the manner provided in this  
30 section. A resolution previously adopted may include an allocation  
31 provision by the amendment of that resolution on or before the  
32 allocation deadline determined under subsection (i) in accordance with  
33 the procedures required for its original adoption. A declaratory  
34 resolution or an amendment that establishes an allocation provision  
35 must be approved by resolution of the legislative body of the excluded  
36 city and must specify an expiration date for the allocation provision.  
37 For an allocation area established before July 1, 2008, the expiration  
38 date may not be more than thirty (30) years after the date on which the  
39 allocation provision is established. For an allocation area established  
40 after June 30, 2008, the expiration date may not be more than  
41 twenty-five (25) years after the date on which the first obligation was  
42 incurred to pay principal and interest on bonds or lease rentals on  
43 leases payable from tax increment revenues. However, with respect to  
44 bonds or other obligations that were issued before July 1, 2008, if any  
45 of the bonds or other obligations that were scheduled when issued to  
46 mature before the specified expiration date and that are payable only

from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) that are physically located in or physically connected to that allocation



1 area.

2 (H) Reimburse the unit for rentals paid by it for a building or

3 parking facility that is physically located in or physically

4 connected to that allocation area under any lease entered into

5 under IC 36-1-10.

6 (I) Reimburse public and private entities for expenses incurred

7 in training employees of industrial facilities that are located:

8 (i) in the allocation area; and

9 (ii) on a parcel of real property that has been classified as

10 industrial property under the rules of the department of local

11 government finance.

12 However, the total amount of money spent for this purpose in

13 any year may not exceed the total amount of money in the

14 allocation fund that is attributable to property taxes paid by the

15 industrial facilities described in this clause. The

16 reimbursements under this clause must be made within three

17 (3) years after the date on which the investments that are the

18 basis for the increment financing are made.

19 The special fund may not be used for operating expenses of the

20 commission.

21 (3) Before July 15 of each year, the commission shall do the

22 following:

23 (A) Determine the amount, if any, by which the assessed value

24 of the taxable property in the allocation area for the most

25 recent assessment date minus the base assessed value, when

26 multiplied by the estimated tax rate of the allocation area, will

27 exceed the amount of assessed value needed to provide the

28 property taxes necessary to make, when due, principal and

29 interest payments on bonds described in subdivision (2) plus

30 the amount necessary for other purposes described in

31 subdivision (2) and subsection (g).

32 (B) Provide a written notice to the county auditor, the fiscal

33 body of the county or municipality that established the

34 department of redevelopment, and the officers who are

35 authorized to fix budgets, tax rates, and tax levies under

36 IC 6-1.1-17-5 for each of the other taxing units that is wholly

37 or partly located within the allocation area. The notice must:

38 (i) state the amount, if any, of excess assessed value that the

39 commission has determined may be allocated to the

40 respective taxing units in the manner prescribed in

41 subdivision (1); or

42 (ii) state that the commission has determined that there is no

43 excess assessed value that may be allocated to the respective

44 taxing units in the manner prescribed in subdivision (1).

45 The county auditor shall allocate to the respective taxing units

46 the amount, if any, of excess assessed value determined by the

- 1 commission. The commission may not authorize an allocation  
 2 to the respective taxing units under this subdivision if to do so  
 3 would endanger the interests of the holders of bonds described  
 4 in subdivision (2).
- 5 (c) For the purpose of allocating taxes levied by or for any taxing  
 6 unit or units, the assessed value of taxable property in a territory in the  
 7 allocation area that is annexed by any taxing unit after the effective  
 8 date of the allocation provision of the resolution is the lesser of:  
 9 (1) the assessed value of the property for the assessment date with  
 10 respect to which the allocation and distribution is made; or  
 11 (2) the base assessed value.
- 12 (d) Property tax proceeds allocable to the redevelopment district  
 13 under subsection (b)(2) may, subject to subsection (b)(3), be  
 14 irrevocably pledged by the redevelopment district for payment as set  
 15 forth in subsection (b)(2).
- 16 (e) Notwithstanding any other law, each assessor shall, upon  
 17 petition of the commission, reassess the taxable property situated upon  
 18 or in, or added to, the allocation area, effective on the next assessment  
 19 date after the petition.
- 20 (f) Notwithstanding any other law, the assessed value of all taxable  
 21 property in the allocation area, for purposes of tax limitation, property  
 22 tax replacement, and formulation of the budget, tax rate, and tax levy  
 23 for each political subdivision in which the property is located, is the  
 24 lesser of:  
 25 (1) the assessed value of the property as valued without regard to  
 26 this section; or  
 27 (2) the base assessed value.
- 28 (g) If any part of the allocation area is located in an enterprise zone  
 29 created under IC 5-28-15, the unit that designated the allocation area  
 30 shall create funds as specified in this subsection. A unit that has  
 31 obligations, bonds, or leases payable from allocated tax proceeds under  
 32 subsection (b)(2) shall establish an allocation fund for the purposes  
 33 specified in subsection (b)(2) and a special zone fund. Such a unit  
 34 shall, until the end of the enterprise zone phase out period, deposit each  
 35 year in the special zone fund the amount in the allocation fund derived  
 36 from property tax proceeds in excess of those described in subsection  
 37 (b)(1) from property located in the enterprise zone that exceeds the  
 38 amount sufficient for the purposes specified in subsection (b)(2) for the  
 39 year. A unit that has no obligations, bonds, or leases payable from  
 40 allocated tax proceeds under subsection (b)(2) shall establish a special  
 41 zone fund and deposit all the property tax proceeds in excess of those  
 42 described in subsection (b)(1) in the fund derived from property tax  
 43 proceeds in excess of those described in subsection (b)(1) from  
 44 property located in the enterprise zone. The unit that creates the special  
 45 zone fund shall use the fund, based on the recommendations of the  
 46 urban enterprise association, for one (1) or more of the following

1 purposes:

2 (1) To pay for programs in job training, job enrichment, and basic  
3 skill development designed to benefit residents and employers in  
4 the enterprise zone. The programs must reserve at least one-half  
5 (1/2) of the enrollment in any session for residents of the  
6 enterprise zone.

7 (2) To make loans and grants for the purpose of stimulating  
8 business activity in the enterprise zone or providing employment  
9 for enterprise zone residents in an enterprise zone. These loans  
10 and grants may be made to the following:

11 (A) Businesses operating in the enterprise zone.

12 (B) Businesses that will move their operations to the enterprise  
13 zone if such a loan or grant is made.

14 (3) To provide funds to carry out other purposes specified in  
15 subsection (b)(2). However, where reference is made in  
16 subsection (b)(2) to the allocation area, the reference refers, for  
17 purposes of payments from the special zone fund, only to that part  
18 of the allocation area that is also located in the enterprise zone.

19 (h) The state board of accounts and department of local government  
20 finance shall make the rules and prescribe the forms and procedures  
21 that they consider expedient for the implementation of this chapter.  
22 After each general reassessment under IC 6-1.1-4, the department of  
23 local government finance shall adjust the base assessed value one (1)  
24 time to neutralize any effect of the general reassessment on the  
25 property tax proceeds allocated to the redevelopment district under this  
26 section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the  
27 department of local government finance shall adjust the base assessed  
28 value to neutralize any effect of the ~~annual~~ adjustment on the property  
29 tax proceeds allocated to the redevelopment district under this section.  
30 However, the adjustments under this subsection may not include the  
31 effect of property tax abatements under IC 6-1.1-12.1, and these  
32 adjustments may not produce less property tax proceeds allocable to  
33 the redevelopment district under subsection (b)(2) than would  
34 otherwise have been received if the general reassessment or ~~annual~~  
35 adjustment had not occurred. The department of local government  
36 finance may prescribe procedures for county and township officials to  
37 follow to assist the department in making the adjustments.

38 (i) The allocation deadline referred to in subsection (b) is  
39 determined in the following manner:

40 (1) The initial allocation deadline is December 31, 2011.

41 (2) Subject to subdivision (3), the initial allocation deadline and  
42 subsequent allocation deadlines are automatically extended in  
43 increments of five (5) years, so that allocation deadlines  
44 subsequent to the initial allocation deadline fall on December 31,  
45 2016, and December 31 of each fifth year thereafter.

46 (3) At least one (1) year before the date of an allocation deadline

determined under subdivision (2), the general assembly may enact a law that:

- (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
- (B) specifically designates a particular date as the final allocation deadline.

SECTION 23. IC 36-7-30-25, AS AMENDED BY P.L.146-2008, SECTION 770, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution

1 of property taxes on taxable property in the allocation area be allocated  
2 and distributed as follows:

3 (1) Except as otherwise provided in this section, the proceeds of  
4 the taxes attributable to the lesser of:

5 (A) the assessed value of the property for the assessment date  
6 with respect to which the allocation and distribution is made;  
7 or

8 (B) the base assessed value;

9 shall be allocated to and, when collected, paid into the funds of  
10 the respective taxing units.

11 (2) Except as otherwise provided in this section, property tax  
12 proceeds in excess of those described in subdivision (1) shall be  
13 allocated to the military base reuse district and, when collected,  
14 paid into an allocation fund for that allocation area that may be  
15 used by the military base reuse district and only to do one (1) or  
16 more of the following:

17 (A) Pay the principal of and interest and redemption premium  
18 on any obligations incurred by the military base reuse district  
19 or any other entity for the purpose of financing or refinancing  
20 military base reuse activities in or directly serving or  
21 benefiting that allocation area.

22 (B) Establish, augment, or restore the debt service reserve for  
23 bonds payable solely or in part from allocated tax proceeds in  
24 that allocation area or from other revenues of the reuse  
25 authority, including lease rental revenues.

26 (C) Make payments on leases payable solely or in part from  
27 allocated tax proceeds in that allocation area.

28 (D) Reimburse any other governmental body for expenditures  
29 made for local public improvements (or structures) in or  
30 directly serving or benefiting that allocation area.

31 (E) For property taxes first due and payable before 2009, pay  
32 all or a part of a property tax replacement credit to taxpayers  
33 in an allocation area as determined by the reuse authority. This  
34 credit equals the amount determined under the following  
35 STEPS for each taxpayer in a taxing district (as defined in  
36 IC 6-1.1-1-20) that contains all or part of the allocation area:  
37 STEP ONE: Determine that part of the sum of the amounts  
38 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
39 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and  
40 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

41 STEP TWO: Divide:

42 (i) that part of each county's eligible property tax  
43 replacement amount (as defined in IC 6-1.1-21-2) for that  
44 year as determined under IC 6-1.1-21-4 that is attributable  
45 to the taxing district; by

46 (ii) the STEP ONE sum.

1 STEP THREE: Multiply:

- 2 (i) the STEP TWO quotient; times  
 3 (ii) the total amount of the taxpayer's taxes (as defined in  
 4 IC 6-1.1-21-2) levied in the taxing district that have been  
 5 allocated during that year to an allocation fund under this  
 6 section.

7 If not all the taxpayers in an allocation area receive the credit  
 8 in full, each taxpayer in the allocation area is entitled to  
 9 receive the same proportion of the credit. A taxpayer may not  
 10 receive a credit under this section and a credit under section  
 11 27 of this chapter (before its repeal) in the same year.

12 (F) Pay expenses incurred by the reuse authority for local  
 13 public improvements or structures that were in the allocation  
 14 area or directly serving or benefiting the allocation area.

15 (G) Reimburse public and private entities for expenses  
 16 incurred in training employees of industrial facilities that are  
 17 located:

- 18 (i) in the allocation area; and  
 19 (ii) on a parcel of real property that has been classified as  
 20 industrial property under the rules of the department of local  
 21 government finance.

22 However, the total amount of money spent for this purpose in  
 23 any year may not exceed the total amount of money in the  
 24 allocation fund that is attributable to property taxes paid by the  
 25 industrial facilities described in this clause. The  
 26 reimbursements under this clause must be made not more than  
 27 three (3) years after the date on which the investments that are  
 28 the basis for the increment financing are made.

29 The allocation fund may not be used for operating expenses of the  
 30 reuse authority.

31 (3) Except as provided in subsection (g), before July 15 of each  
 32 year the reuse authority shall do the following:

33 (A) Determine the amount, if any, by which property taxes  
 34 payable to the allocation fund in the following year will exceed  
 35 the amount of property taxes necessary to make, when due,  
 36 principal and interest payments on bonds described in  
 37 subdivision (2) plus the amount necessary for other purposes  
 38 described in subdivision (2).

39 (B) Provide a written notice to the county auditor, the fiscal  
 40 body of the unit that established the reuse authority, and the  
 41 officers who are authorized to fix budgets, tax rates, and tax  
 42 levies under IC 6-1.1-17-5 for each of the other taxing units  
 43 that is wholly or partly located within the allocation area. The  
 44 notice must:

- 45 (i) state the amount, if any, of excess property taxes that the  
 46 reuse authority has determined may be paid to the respective

- 1           taxing units in the manner prescribed in subdivision (1); or  
 2           (ii) state that the reuse authority has determined that there  
 3           are no excess property tax proceeds that may be allocated to  
 4           the respective taxing units in the manner prescribed in  
 5           subdivision (1).  
 6           The county auditor shall allocate to the respective taxing units  
 7           the amount, if any, of excess property tax proceeds determined  
 8           by the reuse authority. The reuse authority may not authorize  
 9           a payment to the respective taxing units under this subdivision  
 10          if to do so would endanger the interest of the holders of bonds  
 11          described in subdivision (2) or lessors under section 19 of this  
 12          chapter. Property taxes received by a taxing unit under this  
 13          subdivision before 2009 are eligible for the property tax  
 14          replacement credit provided under IC 6-1.1-21.
- 15          (c) For the purpose of allocating taxes levied by or for any taxing  
 16          unit or units, the assessed value of taxable property in a territory in the  
 17          allocation area that is annexed by a taxing unit after the effective date  
 18          of the allocation provision of the declaratory resolution is the lesser of:  
 19                  (1) the assessed value of the property for the assessment date with  
 20                  respect to which the allocation and distribution is made; or  
 21                  (2) the base assessed value.
- 22          (d) Property tax proceeds allocable to the military base reuse district  
 23          under subsection (b)(2) may, subject to subsection (b)(3), be  
 24          irrevocably pledged by the military base reuse district for payment as  
 25          set forth in subsection (b)(2).
- 26          (e) Notwithstanding any other law, each assessor shall, upon  
 27          petition of the reuse authority, reassess the taxable property situated  
 28          upon or in or added to the allocation area, effective on the next  
 29          assessment date after the petition.
- 30          (f) Notwithstanding any other law, the assessed value of all taxable  
 31          property in the allocation area, for purposes of tax limitation, property  
 32          tax replacement, and the making of the budget, tax rate, and tax levy  
 33          for each political subdivision in which the property is located is the  
 34          lesser of:  
 35                  (1) the assessed value of the property as valued without regard to  
 36                  this section; or  
 37                  (2) the base assessed value.
- 38          (g) If any part of the allocation area is located in an enterprise zone  
 39          created under IC 5-28-15, the unit that designated the allocation area  
 40          shall create funds as specified in this subsection. A unit that has  
 41          obligations, bonds, or leases payable from allocated tax proceeds under  
 42          subsection (b)(2) shall establish an allocation fund for the purposes  
 43          specified in subsection (b)(2) and a special zone fund. Such a unit  
 44          shall, until the end of the enterprise zone phase out period, deposit each  
 45          year in the special zone fund any amount in the allocation fund derived  
 46          from property tax proceeds in excess of those described in subsection

(b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 24. IC 36-7-30.5-30, AS AMENDED BY P.L.146-2008, SECTION 772, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 30. (a) The following definitions apply throughout this section:

- (1) "Allocation area" means that part of a military base development area to which an allocation provision of a declaratory resolution adopted under section 16 of this chapter refers for purposes of distribution and allocation of property taxes.
- (2) "Base assessed value" means:



1 (A) the net assessed value of all the property as finally  
 2 determined for the assessment date immediately preceding the  
 3 adoption date of the allocation provision of the declaratory  
 4 resolution, as adjusted under subsection (h); plus  
 5 (B) to the extent that it is not included in clause (A) or (C), the  
 6 net assessed value of any and all parcels or classes of parcels  
 7 identified as part of the base assessed value in the declaratory  
 8 resolution or an amendment to the declaratory resolution, as  
 9 finally determined for any subsequent assessment date; plus  
 10 (C) to the extent that it is not included in clause (A) or (B), the  
 11 net assessed value of property that is assessed as residential  
 12 property under the rules of the department of local government  
 13 finance, as finally determined for any assessment date after the  
 14 effective date of the allocation provision.

15 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real  
 16 property.

17 (b) A declaratory resolution adopted under section 16 of this chapter  
 18 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory  
 19 resolutions adopted under IC 36-7-14-15 may include a provision with  
 20 respect to the allocation and distribution of property taxes for the  
 21 purposes and in the manner provided in this section. A declaratory  
 22 resolution previously adopted may include an allocation provision by  
 23 the amendment of that declaratory resolution in accordance with the  
 24 procedures set forth in section 18 of this chapter. The allocation  
 25 provision may apply to all or part of the military base development  
 26 area. The allocation provision must require that any property taxes  
 27 subsequently levied by or for the benefit of any public body entitled to  
 28 a distribution of property taxes on taxable property in the allocation  
 29 area be allocated and distributed as follows:

30 (1) Except as otherwise provided in this section, the proceeds of  
 31 the taxes attributable to the lesser of:

32 (A) the assessed value of the property for the assessment date  
 33 with respect to which the allocation and distribution is made;  
 34 or

35 (B) the base assessed value;  
 36 shall be allocated to and, when collected, paid into the funds of  
 37 the respective taxing units.

38 (2) Except as otherwise provided in this section, property tax  
 39 proceeds in excess of those described in subdivision (1) shall be  
 40 allocated to the development authority and, when collected, paid  
 41 into an allocation fund for that allocation area that may be used by  
 42 the development authority and only to do one (1) or more of the  
 43 following:

44 (A) Pay the principal of and interest and redemption premium  
 45 on any obligations incurred by the development authority or  
 46 any other entity for the purpose of financing or refinancing

- 1 military base development or reuse activities in or directly
- 2 serving or benefitting that allocation area.
- 3 (B) Establish, augment, or restore the debt service reserve for
- 4 bonds payable solely or in part from allocated tax proceeds in
- 5 that allocation area or from other revenues of the development
- 6 authority, including lease rental revenues.
- 7 (C) Make payments on leases payable solely or in part from
- 8 allocated tax proceeds in that allocation area.
- 9 (D) Reimburse any other governmental body for expenditures
- 10 made for local public improvements (or structures) in or
- 11 directly serving or benefitting that allocation area.
- 12 (E) For property taxes first due and payable before 2009, pay
- 13 all or a part of a property tax replacement credit to taxpayers
- 14 in an allocation area as determined by the development
- 15 authority. This credit equals the amount determined under the
- 16 following STEPS for each taxpayer in a taxing district (as
- 17 defined in IC 6-1.1-1-20) that contains all or part of the
- 18 allocation area:
- 19 STEP ONE: Determine that part of the sum of the amounts
- 20 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
- 21 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
- 22 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
- 23 STEP TWO: Divide:
- 24 (i) that part of each county's eligible property tax
- 25 replacement amount (as defined in IC 6-1.1-21-2) for that
- 26 year as determined under IC 6-1.1-21-4 that is attributable
- 27 to the taxing district; by
- 28 (ii) the STEP ONE sum.
- 29 STEP THREE: Multiply:
- 30 (i) the STEP TWO quotient; by
- 31 (ii) the total amount of the taxpayer's taxes (as defined in
- 32 IC 6-1.1-21-2) levied in the taxing district that have been
- 33 allocated during that year to an allocation fund under this
- 34 section.
- 35 If not all the taxpayers in an allocation area receive the credit
- 36 in full, each taxpayer in the allocation area is entitled to
- 37 receive the same proportion of the credit. A taxpayer may not
- 38 receive a credit under this section and a credit under section
- 39 32 of this chapter (before its repeal) in the same year.
- 40 (F) Pay expenses incurred by the development authority for
- 41 local public improvements or structures that were in the
- 42 allocation area or directly serving or benefitting the allocation
- 43 area.
- 44 (G) Reimburse public and private entities for expenses
- 45 incurred in training employees of industrial facilities that are
- 46 located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the development authority.

(3) Except as provided in subsection (g), before July 15 of each year the development authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Provide a written notice to the appropriate county auditors and the fiscal bodies and other officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of the excess property taxes that the development authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the development authority has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditors shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the development authority. The development authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 24 of this chapter. Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date

of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base development district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base development district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the development authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or for other purposes specified in subsection (b)(2), except that where

1 reference is made in subsection (b)(2) to an allocation area it shall refer  
 2 for purposes of payments from the special zone fund only to that part  
 3 of the allocation area that is also located in the enterprise zone. The  
 4 programs shall reserve at least one-half (1/2) of their enrollment in any  
 5 session for residents of the enterprise zone.

6 (h) After each general reassessment under IC 6-1.1-4, the  
 7 department of local government finance shall adjust the base assessed  
 8 value one (1) time to neutralize any effect of the general reassessment  
 9 on the property tax proceeds allocated to the military base development  
 10 district under this section. After each ~~annual~~ adjustment under  
 11 IC 6-1.1-4-4.5, the department of local government finance shall adjust  
 12 the base assessed value to neutralize any effect of the ~~annual~~  
 13 adjustment on the property tax proceeds allocated to the military base  
 14 development district under this section. However, the adjustments  
 15 under this subsection may not include the effect of property tax  
 16 abatements under IC 6-1.1-12.1, and these adjustments may not  
 17 produce less property tax proceeds allocable to the military base  
 18 development district under subsection (b)(2) than would otherwise  
 19 have been received if the general reassessment or ~~annual~~ adjustment  
 20 had not occurred. The department of local government finance may  
 21 prescribe procedures for county and township officials to follow to  
 22 assist the department in making the adjustments.

23 SECTION 25. IC 36-7-32-19, AS AMENDED BY P.L.154-2006,  
 24 SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2010]: Sec. 19. (a) The state board of accounts and  
 26 department of local government finance shall make the rules and  
 27 prescribe the forms and procedures that the state board of accounts and  
 28 department of local government finance consider appropriate for the  
 29 implementation of an allocation area under this chapter.

30 (b) After each general reassessment under IC 6-1.1-4, the  
 31 department of local government finance shall adjust the base assessed  
 32 value one (1) time to neutralize any effect of the general reassessment  
 33 on the property tax proceeds allocated to the certified technology park  
 34 fund under section 17 of this chapter. After each ~~annual~~ adjustment  
 35 under IC 6-1.1-4-4.5, the department of local government finance shall  
 36 adjust the base assessed value to neutralize any effect of the ~~annual~~  
 37 adjustment on the property tax proceeds allocated to the certified  
 38 technology park fund under section 17 of this chapter."

- 1 Page 4, delete lines 1 through 8.
- 2 Renumber all SECTIONS consecutively.  
(Reference is to HB 1004 as printed January 5, 2010.)

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Representative Grubb